

STATE PROPERTIES COMMITTEE MEETING

TUESDAY, FEBRUARY 14, 2012

The meeting of the State Properties Committee was called to order at 10:10 a.m. by Chairman Ronald N. Renaud. Attendance of the members was taken by roll call and the following members made their presence known: Robert Griffith representing the Rhode Island Department of Administration; Richard Woolley representing the Rhode Island Department of Attorney General; Both Lawrence S. Eichler, Public Member and Andrew Marcaccio representing the Rhode Island Office of the General Treasurer, Ex-Officio Member are unable to attend today's meeting. Others in attendance were Kelly Carpenter from the Rhode Island Senate Fiscal Office; Paul Carcieri, Christine Brien, Richard Kalunian, Colleen Kerr and Amanda Mahon from the Rhode Island Department of Transportation; Lisa Primiano, Michelle Sheehan, Joseph Dias, Larry Mouradjian from the Rhode Island Department of Environmental Management; Thomas Brueckner and Anthony J. Bucci, Jr., from the Narragansett Bay Commission; Michael D. Mitchell and Marco Schiappa from the Rhode Island Department of Administration; Jospeh Castro from the Rhode Island Fire Marshal's Office; and Russ Degraw from the Rhode Island National Guard; and Attorney Bruce Leach on behalf of the Rhode Island Convention Center Authority.

Chairman Renaud stated for the record that the State Properties Committee did have a quorum present.

The approval of the minutes from January 3, 2012, and January 17,

2012, are deferred to a future meeting of the minutes of the State Properties Committee.

ITEM A – Narragansett Bay Commission (the “Commission”) – A request was made for authorization to acquire temporary and permanent easements by condemnation for the construction of the Woonasquatucket CSO Interceptor. Mr. Bucci explained that the Commission is before the Committee seeking permission to condemn interest in thirty-five (35) parcels of land that are necessary for the Phase II CSO project prior to May 2012. Mr. Bucci stated that Phase II consists of tying in a different section of the City of Providence into the deep tunnel in order to avoid the overflows which have occurred in the past. Mr. Woolley stated that for all thirty-five (35) of these parcels the forms are essentially the same. Mr. Bucci stated that all the forms for all easements are essentially the same with the exception of the adit easements, which do not begin until you reach a depth of 150-160 feet below surface. Mr. Bucci indicated that the other easements are near-surface easements. Mr. Bucci stated that the adit easements can easily be identified by their value of \$500.00 on the chart provided to the Committee as part of the Commission’s submission package. Mr. Woolley indicated that he had in fact reviewed each of the forms and indicated they met with his approval. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM B – Narragansett Bay Commission (the “Commission”) – A request was made for authorization to acquire fee simple interest and temporary and permanent easements by condemnation for the construction of Floatables Control Facilities on land located at 50 Esten Avenue in the City of Pawtucket. Mr. Bucci explained that this project is to eliminate the discharge of floatables into two (2) Combined Sewer Overflows (“CSO”) that are operated by the Commission. Mr. Bucci indicated that if the Committee requires a more technical explanation, Mr. Brueckner would be happy to provide the same. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM C – Department of Administration – A request was made for approval and execution of an “Amended and Restated Lease” (five 5 year), by and between the Rhode Island Convention Center Authority (the “Authority”) and the State of Rhode Island, through the Department of Administration, for the Veterans Memorial Auditorium Condominium, Unit Two, located on Avenue of the Arts in the City of Providence. By way of background, Mr. Mitchell explained that in 1992, the State entered into a Lease Agreement with the Veterans Memorial Auditorium Foundation (the “Foundation”). However, in 2008, the Foundation was experiencing some financial issues in terms of not being able to operate the Veterans Memorial Auditorium (the “Auditorium”), because sufficient profit was not being generated to maintain the facility. In 2008, with the approval of the State

Properties Committee, the Authority acquired an Assignment of the Foundation's Lease Agreement and has been operating the Auditorium since that time. Mr. Mitchell explained that in 2011, the Authority was awarded a grant from the General Assembly to perform some major renovations to the Auditorium's facilities. The Lease Agreement with the Authority has expired and the parties wish to enter into the subject Restated and Amended Lease Agreement granting the Authority a Lease Agreement with a five (5) term with the option to renew for an additional five (5) years to allow the Authority to continue working on the renovations, to continue to operate the facility as a cultural performing art center and to maintain the facilities in accordance with the terms and conditions of the Lease Agreement. Mr. Mitchell indicated that the Amended and Restated Lease Agreement before the Committee today has been reviewed and approved by Mr. Woolley. Further, Mr. Mitchell stated that the parties have addressed Mr. Eichler's concerns, which he expressed after reviewing a draft version of the Amended and Restated Lease Agreement. Mr. Mitchell respectfully requested that the Committee approve and execute the Amended and Restated Lease Agreement at this time. Chairman Renaud stated that the Authority has done an outstanding job in managing the Auditorium and thanked everyone for their tireless efforts. A motion to approve was made by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM D – Department of Environmental Management – A request for approval of and signatures on a Purchase and Sale Contract, by and

between Christine Paulhus and Leo Marc Paulhus and the Department of Environmental Management for the acquisition of 70 acres of land located along Cumberland Hill Road in the Town of Foster; known as the Cumberland Hill Farm. A motion was made to table Item D to the February 28, 2012 State Properties Committee meeting by Mr. Griffith, at the request of the Committee so that the property's location could be correctly posted on the agenda as 'Cucumber Farm located on Cucumber Hill Road in the Town of Foster.' Said motion was seconded by Mr. Woolley.

Passed Unanimously

ITEM E – Department of Environmental Management – A request was made for approval of and signatures on a Purchase and Sale Contract, by and between Matthew T. Buckley and the Department of Environmental Management for the acquisition of 30 acres of land located along Hazard Road in the Town of West Greenwich; known as the Buckley Property. Ms. Sheehan explained that the subject property encompasses frontage on Hazard Mill Pond and abuts the Arcadia Management Area. The purchase price of said property is \$300,000.00, which is \$100,000.00 less than the appraised value. Ms. Sheehan stated that the State's contribution toward this acquisition will most likely be \$150,000.00, but could be reduced if The Nature Conservancy grants the Department's request to make a contribution toward the purchase price of the subject property. Mr. Griffith noted that the submission memorandum indicates that the property is notable for its extensive 19th century cellar holes and stone works and asked if the Department intends to conduct an archeological

study of the property. Ms. Sheehan stated that the Department is receiving federal highway funds for this property and recently forwarded a letter to the Rhode Island Historical Preservation & Heritage Commission (the "Commission") requesting that they view the property to determine whether it meets the criteria required to allow the Department to purchase said property. Ms. Sheehan explained that relative to Open Space properties, the Commission generally requests only that they be notified in advance of any intended excavation of the property; however, as the Department intends to preserve the subject property as open space, no further archeological studies will be required. Mr. Griffith asked if the property will be used for public passive recreation. Ms. Sheehan indicated that is correct. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM F – Department of Environmental Management – A request was made for approval of and signatures on a Warranty Deed, by and between Audrey A. Greene; Carolyn B. Smith; Priscilla L. Winsor; June Kathryn Winsor; and Franklin L. Winsor and The Department of Environmental Management for the acquisition of 84.5 acres of land located along Arcadia Road in the Town of Richmond; known as the Greene Property. Ms. Sheehan explained that the subject property has frontage on Frying Pan Pond and Wood River, both of which are considered to be ecologically significant sites and therefore making this a very important acquisition for the Department. Ms. Sheehan noted that the subject property is an in-holding in the Arcadia

Management Area and this particular area has been a targeted focus of the Department for many years. Ms. Sheehan indicated that the State's contribution toward the \$600,000.00 purchase price for this property will be \$300,000.00. Ms. Sheehan noted that the Department is absorbing the cost of the land survey as well; therefore, the Department's total contribution will be \$310,500.00. Chairman Renaud asked how many acres of land make up the Arcadia Management Area. Ms. Sheehan stated that the Arcadia Management Area consists of approximately 16,000 acres of land. A motion to approve was made by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM G – Department of Environmental Management – A request was made for

approval of and signatures on a Purchase and Sale Contract, by and between Tarbox Realty, Inc. and the Department of Environmental Management for the acquisition of 4.12 acres of land and buildings located at 1100 Tower Hill Road in the Town of North Kingstown. Mr. Dias explained that the Department has at last reached an agreement with the property-owner and the bank relative to the purchase of the above-referenced property. Mr. Dias summarized some of the highlights of this transaction noting that the Department's original offer to purchase the subject property was \$800,000.00. An appraisal commissioned by the property-owner established the property's value at \$1.6 million dollars. Mr. Dias indicated that because the property was going to auction, the lender also became involved in this transaction. Mr. Dias stated that the property-owner lowered the

purchase price to \$1.4 million dollars and the Department responded to said demand by increasing its offer to \$1 million dollars. Mr. Dias stated that the bank refused to accept the Department's offer of \$1 million dollars and intended to go to auction; however, the Department was informed that if it were willing to split the difference between the two (2) amounts and agreed to purchase the property for \$1.2 million dollars, which is also the value established in accordance with the Department's appraisal report, the parties would have an agreement. Mr. Dias stated that the Department agreed to a purchase price of \$1.2 million dollars to acquire the subject property and both the bank and the property owner accepted and signed off on said amount. Mr. Dias noted that the Department is under time constraints to vacate its current location at a temporary facility located in Cranston that the Department of Corrections generously allowed the Department to utilize after its Pawtuxet storage facility was destroyed due to the excessive flooding of March 2010. Mr. Dias indicated that the Department has a combination of RICAP funds, residual bond funds, the insurance claim settlement, some FEMA and other funding that will make the acquisition of the subject property possible. Mr. Dias indicated that the new location is ready for occupancy immediately. Mr. Dias mentioned that subject property includes a house which is currently occupied; however, the tenant's lease expires in October of 2012. The Department is compelled to allow the tenant to occupy the residence until that time; however, upon closing on the property, the Department and the tenant will enter into a new lease agreement in accordance with the requirements set forth by the

State of Rhode Island inclusive of the stipulation that the tenant secure appropriate liability insurance coverage and submits a certificate of insurance to the Department evidencing the same. Mr. Dias indicated that once the existing lease agreement expires in October 2012, the current tenant will vacate the premises and the Department will enter the residence into its Residential Lease Program and advertise the same to Department employees in accordance with the policies and procedures previously set forth by the Department. Chairman Renaud asked if the Department commissioned a structural engineer to conduct an evaluation of the existing structures situated on the property. Mr. Dias indicated that the Department's appraiser, Andolfo Appraisal Associates, noted that the HVHC system and the roof were recently replaced in 2009. Mr. Dias stated that the main building is situated high inland and that no portion of it is located within the wetlands area; the Department thoroughly investigated all such matters. Additionally, there are no underground tank issues associated with the subject property. Chairman Renaud explained that as he was recently responsible for the purchase of commercial property to relocate the Office of the General Treasurer as well as the State's Information Technologies' operation. Chairman Renaud stated that he was also charged with coordinating all renovations and repairs necessary to fulfill the needs and expectations of the new occupants. Although this was by far the first significant acquisitions he supervised, it emphasized his belief that conducting comprehensive due diligence prior to entering into any legally binding agreement to acquire property is essential.

Chairman Renaud indicated that once the ostensive due diligence concluded, he took the process to the next level and as with any acquisition he began to discover unforeseen problems. Chairman Renaud implored the Department to conduct exhaustive due diligence before entering into any legally binding contract to avoid being faced with the difficult task of seeking relief after the fact. Once again, Chairman Renaud urged the Department to engage the services of a structural engineer to examine the building. Mr. Dias stated that the Department's original intent was to execute the Purchase and Sale Agreement and request a day for site review to allow for another thorough examine the inside and outside of the building, mark it up for CAP drawings and bring in the Department's structural engineer as well as James McGinn, the Division of Planning and Development's engineer, to further examine the building. Chairman Renaud indicated that his suggestions are not in anyway intended to derail the Department's acquisition of the subject property or to undermine its authority, but rather to safeguard it from potential disputes and the ensuing problems associated with attempting to obtain relief after already having entered into a legally binding contract. Mr. Mouradjian stated that the Department has conducted several on site examinations of the building. He noted that the majority of the building is constructed of cinder block and the front has a glass façade. The building has a brand new roof and there are no existing cracks or settlement issues. Mr. Mouradjian reiterated that the HVHC system is essentially brand new. The Department has examined a number of additional issues such as the existence of

hazardous materials on the site. The building has ceramic tile floors, brand new drop ceilings and no signs of asbestos or any other known hazardous materials. Mr. Mouradjian indicated that the Department has conducted internal due diligence with staff that is accustomed to identifying problems such as structural, maintenance and engineering issues and found nothing of concern. Mr. Mouradjian reiterated that the Department conducted an internal review relative to any environmental issues and there is no indication of any such problems associated with the subject property on record. Mr. Mouradjian noted that the ISDS system is brand new and assured the Committee that the Department has given the facility a thorough review and finds it to be in very good condition. However, he also understands Chairman Renaud's concerns and appreciates his professional guidance. Mr. Mouradjian indicated that the Department will be happy to take measures to further investigate the site in order to satisfy the concerns of the Committee. Mr. Dias assured the Committee that prior to returning with the final Deed, the Department will conduct another thorough examination of the building. Chairman Renaud suggested that the Department contact Jack Leydon, the State's Building Code Commissioner, as he is extremely knowledgeable and willing to share his expertise to assist the Department. Further, on behalf of the Committee, Mr. Woolley recommended that the buildings be inspected in accordance with Paragraph 4 of the Purchase and Sale Contract to ensure that the structures are solid. Mr. Dias stated that when the Department returns to the Committee with the final Deed, they will furnish the

Committee with an engineering report summarizing their review and subsequent findings. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM H – Department of Transportation – A request was made for final approval to sell approximately 4,565 square feet of State-owned land located adjacent to Crary Street, off Allens Avenue in the City of Providence; designated as Assessor's Plat 22; Lot 341 to Algonquin Gas Transmission, LLC. By way of background, Ms. Brien explained that in August of 2011, the Committee approved the Department's request to grant both temporary and permanent easements to Algonquin Gas Transmission, LLC. ("Algonquin") Ms. Brien stated that the core of the matter was that Algonquin had been federally mandated to conduct underground testing of its pipelines. Ms. Brien state that at the time the easements were granted, the Committee also granted conceptual approval for the Department to sell the aforementioned property to Algonquin. Ms. Brien indicated the Department is seeking approval and execution of the Purchase and Sale Agreement and the Quit Claim Deed for the conveyance of the subject property. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM I – Department of Administration – A request was made for conceptual approval of a Memorandum of Understanding, by and between the Department of Administration and the National Vigilant Guard, (the "Guard") to provide the Guard care and custody of a

portion of the Ladd Complex for the purpose of constructing and exercising on the proposed Urban Search and Rescue site. Mr. Schiappa explained that before the Committee is a request that the Division of Facilities Management received from the Guard to allow them to create an urban search and rescue facility at the Ladd Complex. Mr. Schiappa indicated that the Guard's intent is to essentially obtain care and custody of a portion of the Ladd Complex for a period of approximately three (3) months to construct said facility with a federal grant previously awarded to the Guard. Upon completion of the facility, the Guard will conduct exercises which will provide specialized training to numerous Guard facilities throughout the northeast such as FEMA Region I personnel, Rhode Island Task Force members and local ambulance and hospital staff. Mr. Schiappa explained that the simulated urban search and rescue site will include a collapsed building expose and train personnel in various search and rescue techniques. The site may appear to be a mass of rubble; however, Mr. Schiappa assured the Committee that it is a carefully engineered structure created to simulate all foreseeable obstacles and conditions that challenge search and rescue teams when faced with an actual disaster. However, due to the engineering of the facility it is absolutely safe for purposes of this training. Mr. Schiappa stated that the training exercise is expected to conclude within the first week of August 2012. At that time, the site will revert back to the State, although its custody and care will be assigned to the Department of Public Safety. Mr. Schiappa explained that as the training facility will be made available for future training for local first

responders and other civilian forces, the Department of Administration believes it is far more logical to grant the Department of Public Safety custody of the site to simplify matters in terms of future requests to utilize the site for training. Mr. Griffith asked to what extent the training facility will encumber the Ladd Complex going forward. Mr. Schiappa explained that the training facility will be constructed on vacant grassy portion of the Ladd Complex which does not include any utility services. Mr. Schiappa stated that if in the future the Department of Public Safety decides, for any reason, that said facility is no longer needed, it can easily be razed for alternative use as the entire facility will be constructed above grade. Mr. Schiappa noted that there are no hazardous chemicals, fluids or anything else that would compromise the integrity of the Ladd Complex. The site could be cleared and ready for use for another purpose in a short period of time. Mr. Woolley asked if the training site is in the vicinity of the Fire Training Academy. Mr. Schiappa explained that the proposed training facility would be situated approximately 500 feet south of the State's Fire Training Academy. Mr. Schiappa stated that the final Memorandum of Understanding which will set forth the Guard's obligations and responsibilities concerning care, custody and use of the site will be presented for approval and execution by the State Properties Committee in the near future. A motion to approve was made by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

The Committee may move to go into Executive Session, pursuant to

Rhode Island General Law 42-46-5(a)(5) for the specific purpose of discussion or consideration related to the acquisition or lease of real property for public purpose, or of the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public relating to the following items:

A motion to enter into Executive Session was made by Mr. Griffith and seconded

by Mr. Woolley.

A roll call vote was taken and the votes were as follows: Chairman Renaud voted “Aye,” Mr. Eichler voted “Aye,” Mr. Griffith voted “Aye” and Mr. Woolley voted “Aye.”

After detailed discussions relating to Executive Session Items E1, E2, E3 and E4 concluded, a motion to return to the open session of the State Properties Committee meeting and to seal the Executive Session minutes until such time as said matter is resolved was made by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

Upon returning to open session at 10:48 a.m., the Committee proceeded to vote relative to the aforementioned items presented in Executive Session:

ITEM E1 – Department of Transportation – A request for authorization

to acquire land and easements for the replacement of Central Bridge #182 located on Massasoit Avenue over the Barrington River in Barrington by virtue of Condemnation Plat 2754. After discussion in Executive Session, a motion was made to approve by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM E2 – Department of Transportation – A request was made for authorization to acquire drainage easements located along Route 216 from Main Street (Route 3) to Alton Bradford Road (Route 91) in the Town of Hopkinton by virtue of Condemnation Plat 2760. After discussion in Executive Session, a motion was made to approve by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM E3 – Department of Transportation – A request was made for authorization to proceed with the acquisition of temporary and permanent easements by virtue of Condemnation Plat 2736, in connection with the 1R Safety Improvements to West Main Road (Route 114) in the Town of Portsmouth. After discussion in Executive Session, a motion was made to approve by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM E4 – Department of Transportation – A request was made for authorization to proceed with the acquisition of land and easements by virtue of Condemnation Plats 2759, 2770 and 2771 in connection with the Relocated Interstate Route 195 Project -Contract 14, which will involve Dyer Street, Dorrance Street, Chestnut Street and

Claverick Street in the City of Providence. After discussion in Executive Session, a motion was made to approve by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

There being no further business to come before the State Properties Committee, the meeting was adjourned at 10:51 a.m. The motion to adjourn was made by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

Holly H. Rhodes, Executive Secretary